

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JULY 9, 2003

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Al Picconi, United Beverages, Inc.

EXCUSED: John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Year-to-Date Sales Reports:

The SA1000 report for the week ending July 6, 2003 shows retail sales were down almost -2%, on-premise sales were up 1.35%, off-premise sales were down about -11.7%, and total aggregate sales were down around -2.81%. The traffic count was up by 9,753; however, the average sales ticket was down \$.14.

The W-1 Total Weekly Sales report for the same week confirms total sales were down -2.81% or (\$225,841), keeping in mind that this was a six-day week. They increased for the year by 11.29% or \$793,051. Wine sales decreased about -7% or (\$242,255) for the week, while they increased for the year by 9.26% or \$270,665. Sales of spirits, however, increased for the week by .36% or \$16,414, as they did year-to-date by 12.73% or \$522,386. George did remind everyone, however, that year-to-date figures would fluctuate because of year-end.

B. Budget Reports:

There was nothing of significance to report regarding outstanding depletions and post-offs as of July 8th. John Bunnell is working with one of the brokers who has been in arrears relative to sending another payment this month. George distributed information relative to depletion and post-off histories.

Gift card sales for this week totaled 100 versus 30 last year. Sales continue to show an increase.

George received a report from Administrative Services showing Commission cash basis revenues came in at 13.4%, which is about 1% off the estimate of 14.6%. These numbers are based on a 28% gross profit, and do not take receivables into consideration. Commissioner Byrne questioned whether or not the original estimates given to the Legislature last fall were accurate.

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Both Administrative Services and Purchase and Property have presented some roadblocks concerning the American Express contract. George will continue to report on this, stating that savings would be realized as soon the contract is activated.

Accounting is busy working on year-end reports, which are due over at Administrative Services this week and next week.

The current W-6 Expense Budget Activity Variance Report shows what the budget looks like for the Agency in total. There is a 6.8% or 6.9% appropriation, and encumbrances are beginning to come in. A meeting is scheduled with Tom Smith to discuss a list of store related contracts which are relative to preventive maintenance. George hopes to have more information on this next week.

2. IT Report

Last Thursday the RiTA server stopped answering the stores. After considerable research, a piece of corrupt software was found on the machine, which necessitated a move back to the original machine. Since then, a decision tree has been created to enable coming to a resolution in a quicker manner.

Howard reported that about 120 applications have been received for the Assistant Director of IT position, with about 15 of those being eligible to interview. Because of the hiring freeze, Howard will request written authorization from CIO Anderson to fill this position. Veronica Indyk will be arranging interviews for Tuesday, Wednesday and Thursday of next week and the week following. There was some discussion regarding filling both this position and that of the Human Resources Administrator, for which 80 applications have been received and eligibility reduced to 23.

There was a web site meeting yesterday, and a work group meeting has been scheduled next Friday morning for Marketing and afternoon at the Bureau of Enforcement to work on redesigning the web site.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 7/6/03 were down -1.91% or (\$122,256.31) from last year, which is reflective of the six-day week. Peter pointed out that Store #76 Hampton was up almost \$50,000 and set a new record on July 3rd. Other stores which set new records were #34 Salem (\$99,000), #69 Nashua (\$86,000) and #38 Portsmouth (\$112,000).

At a meeting of the bureau chiefs last week, one of the topics was training of store personnel. Aidan sent a memo asking that 3 store personnel be temporarily assigned

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to Enforcement to become involved in the training process. Peter will attend the Enforcement meeting today for further discussion on this subject.

Renovations continue at Store #38 Portsmouth, and Peter said he is looking at the latter part of this month to reopen the store as a whole again. The lease for the new Brookline location is currently at the Attorney General's Office; there is no word back at the present time.

2. Purchasing Report: None given.

3. Merchandising Report:

A. SPIRITS:

1) One-Time Purchase:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve an offer from United Beverages, Inc./Barton Brands of a one-time purchase of 99 Apples, 99 Bananas and 99 Blackberries, 50ML size (assigned four-digit Codes #5569, #5565 and #5567, respectively). The motion was unanimously adopted. (Not as recommended.)

2) Consumer Sweepstakes Program:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Barton Brands of two consumer sweepstakes programs during the month of August 2003 on Fleischmann's Vodka, Gin and Preferred, 1.75L sizes and Chi Chi's pre-mixed cocktails, 1.75L sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Small Batch Bourbon Program:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Future Brands LLC to purchase the Jim Beam "Small Batch Bourbon" collection, consisting of Knob Creek, 750ML and 1.75L sizes and Bookers, Bakers and Basil Hayden Bourbons, 750ML sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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B. WINES:

1) Wine Close-Outs:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of fifty-five (55) wine codes on close-out sale, not to be distributed to state stores at this time, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated July 3 through July 9, 2003. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford

